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**SCHAKOWSKY:
ENRON USED ITS POLITICAL TIES TO PERSUADE THE GOVERNMENT TO CARRY OUT ITS BUSINESS PLAN**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today delivered the below statement during a Financial Services Committee hearing on accounting reforms following the collapse of Enron.

Mr. Chairman and ranking member LaFalce, thank you for convening this important hearing today. I associate myself with the concern expressed for the Andersen employees who have lost their jobs through no fault of their own. We in Congress have a very important task to accomplish. Not the least of which we must enact meaningful legislation that will protect investors and pension holders from conflicts of interest and corporate greed.□□□□

We all know that if not for Enron's collapse we would almost certainly not be considering these important matters today. I am concerned that some want to characterize the Enron collapse as just a case of one bad actor in the market place. I disagree with that interpretation. Enron's collapse has systemic causes. Corporate board of directors, Wall Street analysts, and the big five accounting firms all have an economic incentive to provide biased analysis of large, profitable companies.□

Enron used its political ties to persuade the government to carry out its business plan.□ Just take a look at California, President Bush, his regulators, and congressional Republicans opposed price caps for consumers while Enron manipulated the market, causing the California energy crisis.□ Enron had incredible access to the White House. President Bush received over \$736,000 throughout his career as an elected official. Vice President Cheney had at least six meetings with Enron officials while drafting the Administration's national energy plan.□ Enron's economic and political power effectively muted people who were skeptical of the company's economic stability.□ Enron is not an isolated case and this is not only a business scandal it is also a political scandal.

□ The fact of the matter is we do not have the laws and procedures in place to protect common investors.□ If we do not take swift action, I have little doubt that corporate executives' greed and deception will victimize more people. Simply relying on free market dogma will not suffice.

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Employees and pension managers must be involved in corporate decision making.□ Boards that are dominated by corporate executives are inherently flawed.□ Enron's collapse had a significant impact on working families.

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In the case of Enron hard working people lost their life savings while Enron's executives

gained millions.[] It is estimated that Illinois' state pension fund lost \$25 million. That means that hard working teachers, police officers, and firefighters who worked for the public good may not be able to enjoy their hard-earned retirement. Is that how we thank public servants by showing indifference to their future?

Of course I agree that we must proceed in a careful and deliberate manner. But we must proceed.[] That is why I am a proud cosponsor of HR 3818 "The Comprehensive Investor Protection Act."[] I look forward to making sure that critical provisions of that bill be included in nay measure that passes from this House.